



# LESCHACO

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**BEFORE THE  
FEDERAL MARITIME COMMISSION**

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**DOCKET NO. 13-05**

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**AMENDMENTS TO REGULATIONS GOVERNING OCEAN TRANSPORTATION  
INTERMEDIARY LICENSING AND FINANCIAL RESPONSIBILITY  
REQUIREMENTS, AND GENERAL DUTIES**

**COMMENTS OF MARK MALAMBRI**

Dear FMC,

I, Mark Malambri, am the President and CEO of Leschaco, Inc.

Leschaco Inc., is a full service Freight Forwarder and Customer Broker with our USA headquarters in Houston, Texas. We are wholly subsidiary of Lexzau, Scharbu GmbH in Bremen, Germany. Our Freight Forwarder License number is Q178F. We are also foreign based NVOCC, License #882009. We are a member of the NCBFAA, with 4 Branch offices in the USA. We are familiar with the issues raised by the ANPRM and we would like to voice our comments in this regard.

A. Regarding the FMC's proposal to require all forwarders and NVOCCs to renew licenses every two years by filing an application and paying a fee; we do not support this proposal for the following reasons;



1. This is unnecessary because all OTIs are already required to keep the Commission informed of any changes in their corporate structure, officers and directors, and locations of their headquarters and branch offices.
2. Requiring applications necessarily means that someone at the agency will be required to review and approve them, but the Commission has neither the staff nor budget to handle the added burden of doing this every two years for all OTIs.
3. This would require a significant expenditure of time to complete the application by our staff which is already fully engaged in providing services to our customer base, so it is an added burden to our business model.
4. There is no reason to have to pay any filing or user fee for this, as we are not seeking any benefit or new license from the Commission.

B. In the regards to the FMC proposal to increase the bond amount from \$50,000 to \$75,000 for ocean forwarders, from \$75,000 to \$100,000 for NVOCCs, and \$150,000 to \$200,000 for foreign registered NVOCCs, we do not support this proposal for the following reasons;

1. This would be an increase in the cost of business for small OTIs, which just increases cost without providing any benefit in the services that are being provided.
2. No good reason has been given for why any increase is appropriate.

It is not clear why OTIs are being singled out for these increased bonds; if VOCCs go bankrupt or experience mishaps where a vessel sinks or it is necessary to declare general average, the shippers are hurt far worse, so why is the FMC



focusing on OTIs?

3. Most commercial shippers are insured against cargo loss and damage.
4. If we had a legitimate claim from a shipper, we would pay it, so that there is no reason for anyone to proceed against our bond; indeed, no one ever has.
5. If the real problem that the Commission is facing deals with the transportation of household goods for non-commercial shippers, there is no reason to increase the bonds for mainstream OTIs that do not handle such items.

C. Regarding the FMC's proposal whether it is appropriate for the Commission to require carriers and sureties to file with the FMC a list of any claims made by them that relate in any way to the transportation activities of a forwarder or NVOCC, when that listing will be made public on the Commission's website, we do not support the followings reasons:

1. The publication by the FMC of claims made against OTIs, especially since those claims may have little or no merit, could be very damaging to the company.
2. Even with a disclaimer that the Commission is not making any judgment about the veracity of the allegations, this listing would likely have a damaging effect on the company's reputation and would threaten its business and viability.
3. When our company has valid claims against it, either it or its insurance companies pay those claims, so that there has never been an occasion when a claimant has been forced to move against our FMC bond; accordingly, this required publication has little or no relevance to the commercial realities of how business is done.

D. Regarding your position that the proposed regulations relating to agents and their advertising. In that regard, the Commission proposes regulations requiring that any



shipping documentation or advertising by the agents bear the name and license number of the principal OTI. We are opposed to this regulation for the following reasons;

1. It is not clear which agents would be covered by the regulation; for example, an agent could be considered to be an accounting firm, drayage companies, warehouses, railroads, truckers, packing companies, and not just break-bulk and loading agents. Are they all covered?
2. It is not clear whether written agency agreements should really be required. Again, given the nature of the vast array of agency arrangements that necessarily arise in this industry, it may be impossible for any OTI to have a written arrangement with certain companies.
3. Many break-bulk agents, sales agents and other types of companies providing agency services represent a number of OTIs. It would therefore be very difficult, if not impossible, for them to always list the name of the relevant principal they are representing on all of their advertising.
4. If the real problem the FMC is having relates to agents moving household goods in the so-called barrel trade, it is not clear why the Commission should be imposing these new regulations on regular, commercial OTIs.

 8/30/13